

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – AUGUST 17, 2005

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; Craig Bulkley, Bureau Chief of Administrative Services; Steven Slovenski, Legal Counsel; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist; George Tsiopras, Chief Financial Officer. **Guests:** Al Picconi, Southern Wine & Spirits of N.E., Inc.; Brian Law, Law Warehouses.

EXCUSED: Eddie Edwards, Chief of Enforcement; John Bunnell, Administrator of Marketing & Sales; Nicole Brassard, Wine Marketing Specialist.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

Total sales for the week ending 8/14/05 were up 2.34% or \$199,661 over the same week last year, and were also up year-to-date by 4.87% or \$2,675,563.

B. Budget/Administrative Reports:

There is a business managers' meeting today, which both Craig and George will attend, with John Dolan, members of OIT and Don Hill to discuss new medical benefits. Craig will report back to the Commission on this.

NABCA has asked Craig to serve on a committee to review the organization's Annual Survey book. As NABCA staff asked for input prior to the NABCA meeting on September 30th, Craig distributed worksheets to each of the other Bureau chiefs asking for their comments. Craig must send his input prior to September 12th.

Last Thursday Craig and George attended a meeting with the Enforcement subunit of the SEA to continue negotiations relative to the contract. Craig will keep the Commission posted on the progress.

Last Thursday afternoon several Commission employees participated in the annual Cigna Road Race, and the Commission co-ed team came in 6th place!

The latest W-6 Expense Budget Activity Variance Report for the week ending August 16, 2005 shows the year to be at around 12.88% expended, with agency expenditures at about 11.4%. Benefits and Class 50 funds are being closely monitored.

2. IT Report

A disaster recovery test was conducted yesterday which was almost 100% correct. Another test will be run today. The equipment will be moved to Store #76 within the next few weeks. Transfer tests will then be conducted. Howard believes IT is getting close to shutting down the office at headquarters and having certain employees transferred to the recovery site. Craig said the Commission would be briefed ahead of time prior to performing a site test.

Dolphin equipment has been updated in order to do inventory in one phase. To date, 22 stores have been completed. Only about three stores can be done in one day, and this requires the presence of a store supervisor during testing.

IT renumbering changes for the stores are approximately two-thirds completed.

A demonstration of remote video training is scheduled for next Thursday from 1:00 to 4:00 p.m. at the HHS building.

3. Human Resources Report: No report given.

Steve Slovenski announced that there will be a hearing tomorrow at 11:30 a.m. at the Legislative Office Building regarding Liquor 500 Rules, which he and Ivan Bass from Enforcement will attend.

II. MARKETING & SALES REPORTS

1. Store Operations

Total store sales for the week ending 8/14/05 increased by 1.96% or \$134,913.34. The new Keene store is still doing very well.

Shelving for the new location for Store #10 Manchester should be arriving today.

Sweepstakes has requested a meeting with key accounts regarding sales of lottery tickets.

Peter asked for direction from the Commission regarding a possible new store in Campton. It was moved by Commissioner Byrne, seconded by Commissioner Russell, that plans proceed to open a seasonal store. The motion was adopted on a two to one vote, with Commissioner Maiola opposed.

2. Purchasing Report: No report given.

3. Merchandising Report

A. SPIRITS:

1) 2005 Holiday Listings (22 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve twenty-two (22) spirit items to be featured as 2005 Holiday listings, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Test Market Result (Code #2129):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the delisting of Code #2129, Canadian Lord Calvert, 750ML size, as this item failed to achieve the gross profit required for full distribution and specialty item consideration at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) One time Buy Request (Skyy flavored vodkas):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Skyy Spirits for the Commission to make a one-time purchase of Skyy Berry Vodka, 1.75L size (assigned Code #281) and Skyy Vanilla Vodka, 1.75L size (assigned Code #282), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Product Demo Request (Future Brands/Jim Beam):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of New England, Inc./Future Brands LLC to allow Fred Noe, Master Distiller of Jim Beam, to visit Stores #76 Hampton and #38 Portsmouth on September 24, 2005 to sign bottles and collectibles, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) October Special Offers (4 items – Perfecta Wine Company):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Perfecta Wine Company, based upon depletions for four (4) spirit items, to be featured on sale during October 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Revised October Offers (3 items – United Beverages, Inc.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve revised special offers from United Beverages, Inc., based upon depletions for three (3) spirit items, to be featured on sale during October 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Special Offers for October 2005:

a. 4 items – R.P. Imports:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from R.P. Imports, based upon depletions/special purchase allowances for four (4) wine items, to be featured on sale during October 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 13 items – Charles Zoulias:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Charles Zoulias, based upon depletions/special purchase allowances for thirteen (13) wine items, to be featured on sale during October 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 27 items – Pine State Trading Co./E & J Gallo Winery:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company/E & J Gallo Winery, based upon depletions for

twenty-seven (27) wine items, to be featured on sale during October 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- d. 40 items – M.S. Walker, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from M.S. Walker, Inc., based upon depletions/special purchase allowances for forty (40) wine items, to be featured on sale during October 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- e. 45 items – Executive Wine & Spirits:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions/special purchase allowances for forty-five (45) wine items, to be featured on sale during October 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- f. 1 item – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from Horizon Beverage Company, based upon depletions for one (1) wine item, to be featured on sale during October 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) Special Offers for Oct. & Nov. 2005 (1 item – Horizon Beverage Co.)

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from Horizon Beverage Company, based upon depletions for one (1) wine item, to be featured on sale during October and November 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and seconded by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Moet Chandon Nectar Rose:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Liquor Commission approve a request from Southern Wine & Spirits of New England, Inc./Moet Hennessy to introduce Code #42188, Moet & Chandon Nectar Rose into some of the store locations by placing absolutes in 14 stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Store Tastings (Global Wines):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Global Wines to conduct in-store tastings of 5 wine products on September 1, 2005 from 5:00 to 7:00 p.m. at Store #69 Nashua, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Recommended Allocated Wines for Distribution to Stores (3 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the distribution of three (3) allocated wines to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Recommended Allocated Wines with Subpacks (3 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the distribution of three (3) allocated wines, with subpacks, to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) Primary Source Submissions (1 primary source; 15 exclusive agent; 1 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of one (1) wine item which is from primary source, fifteen (15) wine items which are offered by the exclusive marketing agent, and one (1) wine item which is imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT – No report given.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated August 11 through August 17, 2005. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other:

a. Revised October Offers (2 items – United Beverages, Inc.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve revised special offers from United Beverages, Inc., based upon depletions for two (2) spirit items, to be featured on sale during October 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford

